

Message Text

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SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING DECEMBER
15-16, 1975

REF: A) EC BRUSSELS 11315

B) EC BRUSSELS 11290

C) EC BRUSSELS 11146

1. SUMMARY. THE EC AGRICULTURAL COUNCIL HELD ITS FIRST PRE-LIMINARY DISCUSSION OF THE COMMISSION'S PRICE PROPOSALS FOR THE 1976-77 SEASON. REACTIONS WERE QUITE VARIED AMONG THE MINISTERS REFLECTING THEIR PARTICULAR AGRICULTURAL INTERESTS. THE MINISTERS ALSO DISCUSSED CERTAIN MEASURES IN THE BEEF SECTOR. END SUMMARY.

2. COMMISSION PROPOSALS FOR 1976-77
EC COUNCIL FIRES ITS OPENING SHOTS ON THE COMMISSION'S PROPOSALS FOR FARM SUPPORT MEASURES IN 1976-77 (REF A.). THE AGRICULTURAL MINISTERS HAD JUST RECEIVED THE COMMISSION'S PROPOSALS IN FRENCH, BUT THEY WERE NOT YET AVAILABLE IN THE OTHER NATIONAL LANGUAGES. CONSEQUENTLY THE MINISTERS' POSITIONS WERE NOT CLEARLY DEFINED AND THEIR COMMENTS WERE SPARSE, ALTHOUGH REFLECTING THEIR OWN PARTICULAR AGRICULTURAL INTERESTS.

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MANY MORE LATE NIGHTS ARE EXPECTED BEFORE THE COUNCIL TAKES

ANY DECISIONS ON FARM SUPPORT FOR NEXT SEASON. THE NEXT OCCASION FOR THE AGRICULTURAL MINISTERS TO DISCUSS THIS ISSUE WILL BE AT THEIR NEXT MEETING JANUARY 19-20, 1976. FOLLOWING ARE THE PRELIMINARY REACTIONS OF THE DIFFERENT MEMBER STATES.

3. DENMARK SUPPORTED THE PROPOSAL FOR ABOLISHING MONETARY COMPENSATORY AMOUNTS, AND IT FAVORED THE MEASURES PROPOSED TO DEAL WITH THE DAIRY SURPLUS. GERMANY REPEATED ITS LITANY ON THE IMPOSSIBILITY OF REMOVING MONETARY COMPENSATORY AMOUNTS IN THE NEAR FUTURE. ERTL BEMOANED THE LACK OF SOCIAL MEASURES FOR SMALL DAIRY FARMERS AND ASKED THAT DAIRY PRODUCT FOOD AID BE INCREASED. FRANCE FOUND THE COMMISSION'S PRICE PROPOSALS IN THE DAIRY SECTOR COMPLETELY UNACCEPTABLE; IN PARTICULAR, IT FELT THAT THE PROPOSED PRICE INCREASE WERE MUCH TOO LOW. ITALY REPEATED ITS OFTEN-HEARD VIEW THAT COMMUNITY PREFERENCES SHOULD BE MAINTAINED FOR FRUITS AND VEGETABLES AND OLIVE OIL, AND THE EC MARKET SHOULD BE OPEN TO MEAT IMPORTS. IT WANTS A CONTINUATION OF THE PRESENT MINIMUM GUARANTEE PRICE AND SUBSIDY SYSTEM ON DURUM WHEAT. IRELAND CRITICIZED THE COMMISSION'S PRICE PROPOSALS AS MUCH TOO LOW TO ASSURE FARMERS' INCOME. THE IRISH DO NOT LIKE THE PROPOSAL TO INTRODUCE A TENDERING SCHEME FOR BRING IN SKIM MILK POWDER; AND THEY DON'T FAVOR THE TWO-STAGE MILK PRICE INCREASE--WITH THE SECOND INCREASE IN SEPTEMBER 1976 --BECAUSE MOST OF THEIR MILK IS PRODUCED IN THE SUMMERTIME. THE IRISH WANT THE FEOGA TO RAISE TO 50 PERCENT ITS SHARE IN THE CONTRIBUTION UNDER THE REGIONAL POLICY, RATHER THAN THE CURRENT 25 PERCENT. THEY ALSO WANT ANOTHER DEVALUATION OF THE IRISH GREEN POUND. THE NETHERLANDS HAD DIFFICULTIES WITH THE PROPOSAL TO ALIGN THE SUPPORT PRICE OF FEED WHEAT ON THAT FOR OTHER FEED GRAINS BECAUSE ALMOST HALF OF ITS WHEAT PRODUCTION IS OF FEED QUALITY. IT FEELS THAT THE COMMISSION IS TRYING TO MOVE TOO FAST IN DOING AWAY WITH MCA'S. BELGIUM FINDS THE PRICE INCREASES PROPOSED FOR BEEF MUCH TOO LOW. IT ALSO SHARES THE NETHERLANDS' VIEW ON MCA'S. THE U.K. FELT THE TARGET PRICES PROPOSED ON GRAINS WERE TOO HIGH AND WANTED TO ENSURE THAT PRICE INCREASES DO NOT RUN COUNTER TO THE INTERESTS OF THIRD COUNTRY SUPPLIERS. IT WELCOMED A BETTER RELATIONSHIP AMONG PRICES FOR FEED GRAINS. ON DIARY, LIMITED OFFICIAL USE

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THE UK WELCOMES TENDERING FOR INTERVENTION BUYING SKIM MILK POWDER AND WANTS A CONSUMER SUBSIDY FOR BUTTER AS WELL. PEART REJECTED CATEGORICALLY THE COMMISSION'S PROPOSAL TO DO AWAY WITH THE BEEF PREMIUM SYSTEM FOR 1976/77. THIS SYSTEM WAS NEGOTIATED PERSONALLY BY PEART AND IS RECOGNIZED AS ONE OF HIS ACHIEVEMENTS DURING THE U.K. RENEGOTIATION EFFORT. THE U.K. DELEGATION STATED THAT THE PREMIUM SYSTEM AS APPLIED THIS YEAR HAD BEEN SUCCESSFUL. THE COST OF THE

PROGRAM TO THE EC (L 50 MILLION FOR FEOLGA-FINANCED FIXED PREMIUM AND L 45 MILLION FOR THE U.K. VARIABLE PREMIUM) WAS LESS THAN THAT FOR NORMAL INTERVENTION BUYING, WHICH WOULD HAVE TAKEN PLACE IN THE ABSENCE OF THE PREMIUMS (L 80-100 MILLION ALMOST ALL FEOGA). FURTHERMORE, INSTEAD OF BEING STOCKPILED AND DEGRADED, THE BEEF WAS MADE AVAILABLE TO CONSUMERS AT A SAVING OV OVER L 100 MILLION. WITHDRAWAL OF THE PREMIUM SYSTEM WOULD UNDERMINE PRODUCER CONFIDENCE AT THIS TIME. PREMIUMS ARE AN ESSENTIAL SAFETY NET, A USEFUL SUPPLEMENT TO THE NORMAL INTERVENTION SYSTEM, ACCORDING TO THE U.K.

3. BEEF EXPORT SUBSIDIES:

THE IRISH REQUESTED INCREASES IN THE EXPORT SUBSIDIES ON BEEF. LARDINOIS RESPONDED THAT THIS WOULD SURELY LEAD TO A TRADE WAR WITH THE U.S., ESPECIALLY SINCE IT WAS NOT ALTOGETHER SURE THAT THE EC COULD AVOID U.S. COUNTERVAILING DUTIES AGAINST THE PRESENT LEVEL OF EXPORT SUBSIDIES. HERR ERTL STATED THAT THE U.S. WAS HEADING FOR PROTECTIONISM. THE MAERICANS, HE WENT ON, WANT A BIGGER SHARE OF OUR MARKET, AND THEN THEY MAKE TROUBLE FOR US IN THEIRS. THE IRISH MINISTER (CLINTON) INTERVENED TWICE TO PUT THE RECORD STRAIGHT THAT HIS COUNTRY WAS NOT REPEAT NOT PROPOSING SUBSIDY INCREASES FOR EXPORTS TO THE U.S. BUT RATHER TO OTHER DESTINATIONS.

4. BEEF EXIM

THE COMMISSION DISCUSSED TIS PLANS FOR A NEW JUMELAGE SYSTEM TO REPLACE THE "EXIM" SYSTEM, WHICH EXPIRES AT THE END OF THE YEAR. ALTHOUGH THERE IS STILL NO FORMAL ANNOUNCEMENT, IT APPEARS THAT THE COMMISSION WILL ESTABLISH A SYSTEM WHEREBY A TRADER WILL BE ABLE TO IMPORT A QUANTITY OF BEEF PROVIDED HE HAS BOUGHT A CORRESPONDING QUANTITY OUT OF INTER-LIMITED OFFICIAL USE

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VENTION STOCKS. APPARENTLY TRADERS WILL NOT BE ABLE TO TRADE IN LICENSES AS COMMERCIAL PAPER NOR WILL THEY BE REQUIRED TO EXPORT EC INTERVENTION BEEF TO THIRD COUNTRIES; I.E. THEY CAN DISPOSE OF IT ON THE INTERNAL MARKET. THE COMMISSION, ACCORDING TO INFORMED SOURCES, WILL PUT A LIMIT OF 10,000 .T. ON BEEF IMPORTS PER MONTH UNDER THE NEW JUMELAGE SYSTEM.

5. GATT TARIFF QUOTA FOR FORZEN-BONELESS BEEF:

THE COUNCIL DECIDED ON THE FOLLOWING APPORTIONMENT OF THE EC TARIFF QUOTA FOR FORZEN BONELESS BEEF UNDER THE GATT FOR 1976:

BENELUX	4,550 M.T.
DENMARK	250 M.T.
W. GERMANY	7,700 M.T.

FRANCE	2,800 M.T.
IRELAND	-
IALY	11,050 M.T.
U.K.	12,150 M.T.
TOTAL:	38,500 M.T.

6. OTHER DISCUSSION POINTS

THE COUNCIL HAD AN EXCHANGE OF VIEWS ON THE LIST OF THEIR COUNTRIES FROM WHICH THE EC WOULD ACCEPT IMPORTS OF LIVE CATTLE AND PIGS AND FRESH MEAT. NO DECISION WAS TAKEN AND THE MATTER HAS BEEN REMANDED TO THE SPECIAL COMMITTEE ON AGRICULTURE FOR FURTHER REVIEW. THE COUNCIL SET THE SUPPORT PRICES IN THE FISH SECTOR FROM 1976. THE COMMISSION AND AGRICULTURAL MINISTERS REJECTED FRANCE'S REQUEST TO PROLONG SAFEGUARD MEASURES AGAINST CERTAIN FISH IMPORTS AS WELL AS TO CONTINUE NATIONAL SUBSIDIES ON FUEL FOR FISHING VESSELS. THE MINISTERS DISCUSSED FURTHER BUT TOOK NO DECISION ON THE SHEEP MEAT CAP PROPOSED BY THE COMMISSION. THE COUNCIL APPROVED THE COMMON IMPORT, REGIME FOR LIVE PLANTS AND HORTICULTURAL PRODUCTS (REF. C). IT ALSO APPROVED A \$1 MILLION DONATION FOR THE PERIOD 1976-80 FOR AN INSTITUTE IN ANKARA TO DEVELOP RESISTANCE AGAINST EXOTIC STRAINS OF FOOT AND MOUTH DISEASE.

7. SEE REF. B FOR COUNCIL DISCUSSIONS ON MANDATORY SKIM MILK POWDER INCORPORATION TINTO ANIMAL FEED. GREENWALD

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